

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Township of Colfax</b>	County <b>Huron</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>8/24/05</b>	Date Accountant Report Submitted to State: <b>9/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Brining &amp; Nartker, P.C.</b>			
Street Address <b>64 Westland Drive</b>	City <b>Bad Axe</b>	State <b>MI</b>	ZIP <b>48413</b>
Accountant Signature <i>Brining &amp; Nartker, P.C. by: Douglas P. Brining CPA.</i>		Date <b>9/30/05</b>	

**TOWNSHIP OF COLFAX  
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2005**

**TOWNSHIP OF COLFAX**

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# BRINING & NARTKER, P.C.

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Township of Colfax  
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Colfax, Huron County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Colfax, Huron County, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not prepared their discussion and analysis information for the Township of Colfax, Huron County, Michigan. This discussion is required by U.S. generally accepted accounting principles as supplemental information.

In our opinion, except for the omission of management's discussion and analysis as discussed in the previous paragraph, which results in an incomplete presentation, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Colfax, Huron County, Michigan as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

The budgetary comparison information on pages 12 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Colfax, Huron County, Michigan's basic financial statements. The accompanying additional information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Brining & Nartker, P.C.*

BRINING & NARTKER, P.C.  
Certified Public Accountants

August 24, 2005

## **BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF COLFAX  
STATEMENT OF NET ASSETS  
MARCH 31, 2005**

	GOVERNMENTAL <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:		
Current assets:		
Cash	\$ 1,138,870	\$ 1,138,870
Taxes receivable	19,294	19,294
Special assessments receivable	60,880	60,880
Capital assets - net of accumulated depreciation	253,567	253,567
TOTAL ASSETS	<u>1,472,611</u>	<u>1,472,611</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	2,455	2,455
Current maturities of long-term debt	15,550	15,550
Noncurrent liabilities:		
Noncurrent portion of long-term debt	75,403	75,403
Deferred revenue	60,880	60,880
TOTAL LIABILITIES	<u>154,288</u>	<u>154,288</u>
NET ASSETS:		
Investment in capital fixed assets net of related debt	162,614	162,614
Restricted:		
Nonexpendable	151,903	151,903
Unrestricted	1,003,806	1,003,806
TOTAL NET ASSETS	<u>\$ 1,318,323</u>	<u>\$ 1,318,323</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF COLFAX  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2005**

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	TOTAL
	EXPENSES					
FUNCTIONS:						
Governmental Activities						
Legislative	\$ 2,258	\$ -	\$ -	\$ -	\$ (2,258)	\$ (2,258)
General Government	197,942	66,545	-	1,957	(129,440)	(129,440)
Public Safety	81,609	-	-	660	(80,949)	(80,949)
Public Works	195,930	-	38,560	-	(157,370)	(157,370)
Health and Welfare	4,885	-	-	-	(4,885)	(4,885)
Recreation and Culture	7,886	-	-	-	(7,886)	(7,886)
Total Governmental Activities	<u>\$ 490,510</u>	<u>\$ 66,545</u>	<u>\$ 38,560</u>	<u>\$ 2,617</u>	<u>(382,788)</u>	<u>(382,788)</u>
GENERAL REVENUES:						
Property taxes					284,321	284,321
State sources					141,504	141,504
Investment earnings					13,215	13,215
Miscellaneous					23,279	23,279
SPECIAL ITEM:						
Gain (loss) on sale of equipment					(142)	(142)
TOTAL GENERAL REVENUES AND SPECIAL ITEM					<u>462,177</u>	<u>462,177</u>
CHANGE IN NET ASSETS					<u>79,389</u>	<u>79,389</u>
NET ASSETS - APRIL 1, 2004					1,238,934	1,238,934
NET ASSETS - MARCH 31, 2005					<u>\$ 1,318,323</u>	<u>\$ 1,318,323</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF COLFAX  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2005

	GENERAL FUND	CEMETERY FUND	ROAD MAINTENANCE FUND	LAGOON FUND	PERPETUAL CARE FUND	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>							
Cash and investments	\$ 624,321	\$ 35,964	\$ 260,856	\$ 64,316	\$ 151,867	\$ 1,546	\$ 1,138,870
Taxes receivable	11,250	-	7,346	698	-	-	19,294
Due from other funds	1,469	-	-	-	36	-	1,505
TOTAL ASSETS	<u>\$ 637,040</u>	<u>\$ 35,964</u>	<u>\$ 268,202</u>	<u>\$ 65,014</u>	<u>\$ 151,903</u>	<u>\$ 1,546</u>	<u>\$ 1,159,669</u>
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable	\$ 1,053	\$ 536	\$ -	\$ 860	\$ -	\$ 6	\$ 2,455
Due to other funds	-	36	1,469	-	-	-	1,505
TOTAL LIABILITIES	<u>1,053</u>	<u>572</u>	<u>1,469</u>	<u>860</u>	<u>-</u>	<u>6</u>	<u>3,960</u>
FUND BALANCE:							
Reserved	-	-	-	-	151,903	-	151,903
Unreserved	635,987	35,392	266,733	64,154	-	1,540	1,003,806
TOTAL FUND BALANCE	<u>635,987</u>	<u>35,392</u>	<u>266,733</u>	<u>64,154</u>	<u>151,903</u>	<u>1,540</u>	<u>1,155,709</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 637,040</u>	<u>\$ 35,964</u>	<u>\$ 268,202</u>	<u>\$ 65,014</u>	<u>\$ 151,903</u>	<u>\$ 1,546</u>	<u>\$ 1,159,669</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES

Total governmental fund balances	\$ 1,155,709
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	253,567
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(90,953)
Net assets of governmental activities	<u>\$ 1,318,323</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF COLFAX  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005**

	GENERAL FUND	CEMETERY FUND	ROAD MAINTENANCE FUND	LAGOON FUND	PERPETUAL CARE FUND	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Taxes	\$ 175,923	\$ -	\$ 108,398	\$ -	\$ -	\$ -	\$ 284,321
Licenses and permits	1,957	-	-	-	-	-	1,957
Intergovernmental	141,504	-	-	-	-	-	141,504
Charges for services	-	66,509	-	-	36	-	66,545
Interest	7,739	353	2,000	228	2,888	7	13,215
Assessments	-	-	-	38,560	-	660	39,220
Other	12,236	11,043	-	-	-	-	23,279
TOTAL REVENUES	<u>339,359</u>	<u>77,905</u>	<u>110,398</u>	<u>38,788</u>	<u>2,924</u>	<u>667</u>	<u>570,041</u>
EXPENDITURES:							
Current:							
Legislative	2,258	-	-	-	-	-	2,258
General government	93,753	-	-	-	-	-	93,753
Public safety	80,630	-	-	-	-	979	81,609
Public works	60,863	-	118,796	12,941	-	-	192,600
Health and welfare	4,885	-	-	-	-	-	4,885
Recreation and culture	7,886	-	-	-	-	-	7,886
Cemetery	-	86,374	-	-	-	-	86,374
Capital outlay	12,384	26,000	-	-	-	-	38,384
Debt service	-	-	-	13,760	-	-	13,760
TOTAL EXPENDITURES	<u>262,659</u>	<u>112,374</u>	<u>118,796</u>	<u>26,701</u>	<u>-</u>	<u>979</u>	<u>521,509</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>76,700</u>	<u>(34,469)</u>	<u>(8,398)</u>	<u>12,087</u>	<u>2,924</u>	<u>(312)</u>	<u>48,532</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in	-	17,865	-	-	-	1,000	18,865
Operating transfers out	(16,000)	-	-	-	(2,865)	-	(18,865)
Proceeds from sale of assets	-	26,000	-	-	-	-	26,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>60,700</u>	<u>9,396</u>	<u>(8,398)</u>	<u>12,087</u>	<u>59</u>	<u>688</u>	<u>74,532</u>
FUND BALANCE - APRIL 1, 2004	575,287	25,996	275,131	52,067	151,844	852	1,081,177
FUND BALANCE - MARCH 31, 2005	<u>\$ 635,987</u>	<u>\$ 35,392</u>	<u>\$ 266,733</u>	<u>\$ 64,154</u>	<u>\$ 151,903</u>	<u>\$ 1,540</u>	<u>\$ 1,155,709</u>

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Total net change in fund balances - governmental funds	\$ 74,532
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Amounts reported for governmental activities in the statement of activities are different because:

14,639

16,360

(26,142)

\$ 79,389

The accompanying notes are an integral part of the financial statements

**TOWNSHIP OF COLFAX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Colfax conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**Reporting Entity:**

The Township is located in Huron County, Michigan and has approximately 1,950 residents. The Township is governed by a five person elected board and provides roads, fire protection, cemetery maintenance services and ambulance services for its residents.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, the definition of the reporting entity is based primarily on the premise of financial accountability. The Township is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on the provisions of GASB 14, there are no organizations that are deemed to be component units of the Township.

**Accounting Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the Interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

**TOWNSHIP OF COLFAX**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

The governmental fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Fine and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Cemetery Fund accounts for revenues from cemetery lot sales and grave openings and closings. The costs of operating the cemetery are also charged to this fund.

The Road Maintenance Fund is used to account for property taxes allocated to provide for the maintenance of roads.

The Lagoon Fund is used to account for revenues from and expenditures for the maintenance of the lagoon.

The Perpetual Care Fund is used to invest amounts received from perpetual care charges, the earnings of which are used for cemetery maintenance purposes.

The Township reports the Liquor Control Fund as a nonmajor fund.

**Property Taxes:**

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax roll. The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year. Delinquent personal property taxes are not paid by the County revolving tax fund and will be remitted to the Township as collection occurs.

**Capital Assets:**

Capital assets, which include buildings, the lagoon, and equipment, are reported in the governmental activities column in the government-wide statement of net assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings	20 to 50 years
Lagoon	40 years
Equipment	5 to 15 years

**Budgets:**

Annual budgets are approved prior to the beginning of the fiscal year and are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF COLFAX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005  
(CONTINUED)**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – BUDGET VIOLATIONS:**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The legal level of budgetary control adopted by the governing body is the line item level.

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated, as follows:

	<u>AMOUNT APPROPRIATED</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Supervisor salary	\$ 8,500	\$ 8,502	\$ 2
Clerk salary	\$ 8,500	\$ 8,502	\$ 2
Telephone	\$ 1,300	\$ 1,320	\$ 20
Miscellaneous	\$ 500	\$ 906	\$ 406
Street lights	\$ 2,600	\$ 2,603	\$ 3
Cemetery Fund:			
Payroll taxes	\$ 6,000	\$ 6,222	\$ 222
Lagoon Fund:			
Outside labor	\$ 4,400	\$ 5,165	\$ 765

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

Michigan Compiled Laws, Section 129.91, authorizes a local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township has no investments as of March 31, 2005.

The Township's deposits are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

<u>DEPOSITS</u>	<u>CARRYING AMOUNT</u>
Insured (FDIC)	\$ 362,229
Uninsured	776,641
	<u><u>\$ 1,138,870</u></u>

**TOWNSHIP OF COLFAX**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 4 – CAPITAL ASSETS:**

Capital asset activity for the current year was as follows:

	BALANCE APRIL 1, <u>2004</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE MARCH 31, <u>2005</u>
Capital Assets Not Being Depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital Assets Being Depreciated				
Buildings	122,759	3,325	-	126,084
Lagoon	197,325	-	-	197,325
Equipment	228,180	33,380	34,099	227,461
	<u>548,264</u>	<u>36,705</u>	<u>34,099</u>	<u>550,870</u>
Less: Accumulated Depreciation				
Buildings	53,936	2,594	-	56,530
Lagoon	65,925	4,933	-	70,858
Equipment	168,333	14,539	7,957	174,915
	<u>288,194</u>	<u>22,066</u>	<u>7,957</u>	<u>302,303</u>
Total Capital Assets Being Depreciated - Net	<u>260,070</u>	<u>14,639</u>	<u>26,142</u>	<u>248,567</u>
Governmental Activity Capital Assets - Net	<u>\$ 265,070</u>	<u>\$ 14,639</u>	<u>\$ 26,142</u>	<u>\$ 253,567</u>

Depreciation expense was charged to programs of the Township as follows:

General Government	\$ 16,136
Public Works	5,930
	<u>\$ 22,066</u>

**TOWNSHIP OF COLFAX  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005  
(CONTINUED)**

**NOTE 5 – LONG-TERM DEBT:**

A summary of changes in long-term debt is as follows:

	BALANCE APRIL 1, <u>2004</u>	ADDITIONS <u>(RETIREMENTS)</u>	BALANCE MARCH 31, <u>2005</u>
Bonds payable for the construction of a sewage treatment facility, payable in annual installments through 2008 in the amount of \$10,000 to \$15000. Interest is payable semi-annually at a declining rate from 10% to 5%.	\$ 65,000	\$ (10,000)	\$ 55,000
Various drain assessments payable, due in annual installments based on the number of annual assessments remaining on each drain.	42,313	(6,360)	35,953
	<u>\$ 107,313</u>	<u>\$ (16,360)</u>	<u>\$ 90,953</u>

Annual debt service requirements to maturity is as follows at March 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 15,550	\$ 2,505	\$ 18,055
2007	20,335	1,875	22,210
2008	19,164	1,125	20,289
2009	19,164	375	19,539
2010	4,164	-	4,164
2011 - 2015	12,576	-	12,576
	<u>\$ 90,953</u>	<u>\$ 5,880</u>	<u>\$ 96,833</u>

**NOTE 6 – PENSION PLAN:**

The Township participates in a defined contribution employee group pension plan through Manufacturers Life Insurance Company. The plan covers all elected officials and full time cemetery employees. The Township contributes 6% of elected officials' compensation and 10% of full time cemetery employees' compensation to the plan. The amount withheld from elected officials' pay is 3% and the amount withheld from full time cemetery employees' pay is 6%. Participants also have the option to make voluntary before tax contributions ranging from 1% to 10%. Pension expense for the year ended March 31, 2005 amounted to \$6,794.

**TOWNSHIP OF COLFAX**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 7 – JOINT VENTURE:**

Pursuant to an inter-local agreement dated September 7, 1990 between the Township and the City of Bad Axe and Verona Township, fire protection services are provided by the Bad Axe Area Fire Protection Association. At inception, the Township contributed \$87,997 for its equity interest in the equipment of the Association. This amount has been recorded as a capital asset of the Township. The Township makes annual operating contributions to the Association based on a formula included in the agreement. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. Separate financial statements through 2004 for the joint venture are available from the Bad Axe Area Fire Protection Association. As of December 31, 2004 general fund equity amounted to \$45,512.

**NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY:**

For the year ended March 31, 2005, the Township implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. It creates new basic financial statements which now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Also the statement requires a management's discussion and analysis letter to offer readers a narrative of the financial statements.

As a result of implementing GASB Statement No. 34, net assets were restated at April 1, 2004 as follows:

Fund Balance - Governmental Funds - April 1, 2004	\$ 1,081,177
Capital Assets - Net	265,070
Long-term Debt	(107,313)
	<hr/>
	\$ 1,238,934

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF COLFAX**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Taxes:				
Current property taxes	\$ 140,000	\$ 140,000	\$ 157,221	\$ 17,221
Delinquent taxes	300	300	751	451
Trailer taxes	450	450	602	152
Collection fees	14,000	14,000	17,349	3,349
Total taxes	<u>154,750</u>	<u>154,750</u>	<u>175,923</u>	<u>21,173</u>
Licenses and permits:				
Site permits	<u>1,100</u>	<u>1,100</u>	<u>1,957</u>	<u>857</u>
Intergovernmental:				
State shared revenue:				
Sales tax	<u>144,000</u>	<u>144,000</u>	<u>141,504</u>	<u>(2,496)</u>
Interest	<u>7,000</u>	<u>7,000</u>	<u>7,739</u>	<u>739</u>
Miscellaneous:				
Other	<u>5,515</u>	<u>5,515</u>	<u>12,236</u>	<u>6,721</u>
TOTAL REVENUES	<u>312,365</u>	<u>312,365</u>	<u>339,359</u>	<u>26,994</u>
EXPENDITURES:				
Legislative:				
Trustee fees	<u>4,200</u>	<u>4,200</u>	<u>2,258</u>	<u>1,942</u>
General government:				
Supervisor salary	8,500	8,500	8,502	(2)
Deputy supervisor salary	390	390	157	233
Elections	2,500	2,200	2,067	133
Legal and professional	14,000	14,000	11,884	2,116
Assessor fees	12,000	12,000	12,000	-
Clerk salary	8,500	8,500	8,502	(2)
Deputy clerk salary	390	390	314	76
Board of review	1,000	1,000	401	599
Board of appeals	1,000	500	120	380
Treasurer salary	8,500	11,700	11,617	83
Deputy treasurer salary	390	390	314	76
Appointed officials	3,500	3,500	1,750	1,750
Payroll taxes	3,500	2,500	1,362	1,138
Pension	3,200	3,200	2,639	561
Officials' expenses	4,000	2,500	2,103	397
Other wages	1,500	1,500	-	1,500
Office supplies	8,000	5,000	4,625	375
Insurance	5,000	15,000	14,929	71
Building maintenance	2,500	2,000	1,631	369

(Continued)

**TOWNSHIP OF COLFAX**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES: (Continued)				
General government: (Continued)				
Dues and publications	4,000	4,000	2,443	1,557
Tax roll statements	2,000	2,300	2,218	82
Utilities	3,000	3,000	1,949	1,051
Telephone	1,300	1,300	1,320	(20)
Miscellaneous	<u>2,500</u>	<u>500</u>	<u>906</u>	<u>(406)</u>
Total general government	<u>101,170</u>	<u>105,870</u>	<u>93,753</u>	<u>12,117</u>
Public safety:				
Police	4,000	-	-	-
Fire protection	73,000	73,000	72,703	297
Zoning administrator	5,800	5,800	5,607	193
Planning commission	<u>3,000</u>	<u>3,000</u>	<u>2,320</u>	<u>680</u>
Total public safety	<u>85,800</u>	<u>81,800</u>	<u>80,630</u>	<u>1,170</u>
Public works:				
Drain at large	7,800	7,800	6,444	1,356
Road maintenance	50,000	48,100	40,000	8,100
Brine	10,000	11,900	11,816	84
Street lights	<u>1,800</u>	<u>2,600</u>	<u>2,603</u>	<u>(3)</u>
Total public works	<u>69,600</u>	<u>70,400</u>	<u>60,863</u>	<u>9,537</u>
Health and welfare:				
Ambulance	<u>4,885</u>	<u>4,885</u>	<u>4,885</u>	<u>-</u>
Culture and recreation:				
Parks and recreation	500	500	168	332
Library	<u>7,718</u>	<u>7,718</u>	<u>7,718</u>	<u>-</u>
Total culture and recreation	<u>8,218</u>	<u>8,218</u>	<u>7,886</u>	<u>332</u>
Capital outlay	5,000	24,202	12,384	11,818
TOTAL EXPENDITURES	<u>278,873</u>	<u>299,575</u>	<u>262,659</u>	<u>36,916</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>33,492</u>	<u>12,790</u>	<u>76,700</u>	<u>63,910</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(16,000)	(16,000)	(16,000)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>17,492</u>	<u>(3,210)</u>	<u>60,700</u>	<u>63,910</u>
FUND BALANCE - April 1	575,287	575,287	575,287	-
FUND BALANCE - March 31	<u>\$ 592,779</u>	<u>\$ 572,077</u>	<u>\$ 635,987</u>	<u>\$ 63,910</u>

**TOWNSHIP OF COLFAX**  
**BUDGETARY COMPARISON SCHEDULE**  
**CEMETERY FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Upkeep on cemetery lots	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Grave openings	46,000	46,000	43,945	(2,055)
Lot sales	10,500	10,500	22,564	12,064
Interest	800	800	353	(447)
Land lease	2,332	2,332	2,332	-
Other income	17,000	17,000	8,711	(8,289)
TOTAL REVENUES	<u>79,132</u>	<u>79,132</u>	<u>77,905</u>	<u>(1,227)</u>
EXPENDITURES:				
Salaries	48,600	48,800	48,613	187
Office expense	200	200	27	173
Payroll taxes	6,000	6,000	6,222	(222)
Pension benefits	5,000	5,000	4,156	844
Supplies	1,500	1,500	531	969
Gas and oil	3,500	3,500	2,793	707
Professional fees	500	500	-	500
Health insurance	18,000	19,300	19,237	63
Maintenance	2,500	3,000	2,748	252
Other insurance	8,000	5,700	-	5,700
Telephone	550	650	561	89
Utilities	2,000	2,200	1,407	793
Miscellaneous	500	500	79	421
Refunds	200	200	-	200
Capital outlay	800	26,800	26,000	800
TOTAL EXPENDITURES	<u>97,850</u>	<u>123,850</u>	<u>112,374</u>	<u>11,476</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(18,718)</u>	<u>(44,718)</u>	<u>(34,469)</u>	<u>10,249</u>
OTHER FINANCING SOURCES:				
Operating transfers in	19,000	19,000	17,865	(1,135)
Proceeds from sale of assets	-	26,000	26,000	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>282</u>	<u>282</u>	<u>9,396</u>	<u>9,114</u>
FUND BALANCE - April 1	25,996	25,996	25,996	-
FUND BALANCE - March 31	<u>\$ 26,278</u>	<u>\$ 26,278</u>	<u>\$ 35,392</u>	<u>\$ 9,114</u>

**TOWNSHIP OF COLFAX  
BUDGETARY COMPARISON SCHEDULE  
ROAD MAINTENANCE FUND  
FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Current property taxes	\$ 95,000	\$ 95,000	\$ 108,398	\$ 13,398
Interest	1,500	1,500	2,000	500
TOTAL REVENUES	<u>96,500</u>	<u>96,500</u>	<u>110,398</u>	<u>13,898</u>
EXPENDITURES:				
Road maintenance and repairs	200,000	200,000	118,796	81,204
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(103,500)</u>	<u>(103,500)</u>	<u>(8,398)</u>	<u>95,102</u>
FUND BALANCE - April 1	275,131	275,131	275,131	-
FUND BALANCE - March 31	<u><u>\$ 171,631</u></u>	<u><u>\$ 171,631</u></u>	<u><u>\$ 266,733</u></u>	<u><u>\$ 95,102</u></u>

**TOWNSHIP OF COLFAX  
BUDGETARY COMPARISON SCHEDULE  
LAGOON FUND  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Assessments	\$ 38,560	\$ 38,560	\$ 38,560	\$ -
Interest	600	600	228	(372)
Other	500	500	-	(500)
TOTAL REVENUES	<u>39,660</u>	<u>39,660</u>	<u>38,788</u>	<u>(872)</u>
EXPENDITURES:				
Outside labor	3,200	4,400	5,165	(765)
Maintenance	5,000	7,000	6,660	340
Utilities	500	1,200	1,116	84
Miscellaneous	500	500	-	500
TOTAL EXPENDITURES	<u>9,200</u>	<u>13,100</u>	<u>12,941</u>	<u>159</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>30,460</u>	<u>26,560</u>	<u>25,847</u>	<u>(713)</u>
OTHER FINANCING SOURCES (USES):				
Bond principal	(10,000)	(10,000)	(10,000)	-
Bond interest	(3,260)	(3,260)	(3,260)	-
Bond fees	(500)	(500)	(500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,760)</u>	<u>(13,760)</u>	<u>(13,760)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>16,700</u>	<u>12,800</u>	<u>12,087</u>	<u>(713)</u>
FUND BALANCE - April 1	52,067	52,067	52,067	-
FUND BALANCE - March 31	<u>\$ 68,767</u>	<u>\$ 64,867</u>	<u>\$ 64,154</u>	<u>\$ (713)</u>

**ADDITIONAL INFORMATION**

**TOWNSHIP OF COLFAX**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUND - LIQUOR CONTROL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Liquor license refund	\$ 450	\$ 450	\$ 660	\$ 210
Interest	10	10	7	(3)
TOTAL REVENUES	<u>460</u>	<u>460</u>	<u>667</u>	<u>207</u>
EXPENDITURES:				
Salaries	800	870	860	10
Payroll taxes	100	65	64	1
Miscellaneous	-	60	55	5
TOTAL EXPENDITURES	<u>900</u>	<u>995</u>	<u>979</u>	<u>16</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(440)</u>	<u>(535)</u>	<u>(312)</u>	<u>223</u>
OTHER FINANCING SOURCES:				
Operating transfers in	1,000	1,000	1,000	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>560</u>	<u>465</u>	<u>688</u>	<u>223</u>
FUND BALANCE - April 1	852	852	852	-
FUND BALANCE - March 31	<u>\$ 1,412</u>	<u>\$ 1,317</u>	<u>\$ 1,540</u>	<u>\$ 223</u>

**TOWNSHIP OF COLFAX**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**CURRENT TAX COLLECTION FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	BALANCE APRIL 1, <u>2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE MARCH 31, <u>2005</u>
<u>ASSETS</u>				
Cash	\$ 277,107	\$ 1,678,069	\$ 1,630,156	\$ 325,020
TOTAL ASSETS	<u>\$ 277,107</u>	<u>\$ 1,678,069</u>	<u>\$ 1,630,156</u>	<u>\$ 325,020</u>
<u>LIABILITIES</u>				
Due to Huron County	\$ -	\$ 678,288	\$ 674,933	\$ 3,355
Due to schools	-	651,564	651,564	-
Due to Northgate	-	19,004	749	18,255
Due to other funds	277,107	329,213	302,910	303,410
TOTAL LIABILITIES	<u>\$ 277,107</u>	<u>\$ 1,678,069</u>	<u>\$ 1,630,156</u>	<u>\$ 325,020</u>

**TOWNSHIP OF COLFAX**  
**SCHEDULE OF BONDED INDEBTEDNESS - ISSUE DATED MAY 1, 1998**  
**MARCH 31, 2005**

MATURITY DATE	PRINCIPAL AMOUNT PAYABLE AT EACH MATURITY DATE	INTEREST		TOTAL
		RATE	AMOUNT	
09/01/05	10,000	5.1%	1,380	11,380
03/01/06		5.0%	1,125	1,125
09/01/06	15,000	5.0%	1,125	16,125
03/01/07		5.0%	750	750
09/01/07	15,000	5.0%	750	15,750
03/01/08		5.0%	375	375
09/01/08	15,000	5.0%	375	15,375
TOTALS	<u>\$ 55,000</u>		<u>\$ 5,880</u>	<u>\$ 60,880</u>